

Nestlé Nigeria Plc

Unaudited Financial Statements

for the period ended 31 March 2021

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Board of Directors:	Mr. David Ifezulike	Chairman
	Mr. Wassim Elhousseini (Lebanese)	Managing Director/Chief Executive Officer
	Mr. Jagdish Singla (Indian)	Finance & Control Director
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director
	Mr. Mauricio Alarcon (Mexican)	Non-Executive Director
	Mr. Gbenga Oyebode	Independent Non-Executive Director
	Ms. Juliet Ehimuan	Independent Non-Executive Director

**Company Secretary/
Legal Adviser** Mr. Bode Ayeku

Registered Office: 22-24 Industrial Avenue
Ilupeju, Lagos
Tel: 01 – 2798184, 2798188, 2790707

Registrars: Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: 01- 5803369, 5451399, 5803367

Independent Auditors: Ernst & Young
10th & 13th floors, UBA House
57 Marina
Lagos, Nigeria
Tel: +234(1)6314500

Members of the Audit Committee	Mr. Matthew Akinlade	Chairman
	Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mr. Ricardo Chavez (Mexican)	Directors' Representative
	Mr. Gbenga Oyebode	Directors' Representative
	Ms. Juliet Ehimuan	Directors' Representative

Financial Highlights

In thousands of naira

	<u>2021</u>	<u>2020</u>	<u>Increase/ (decrease) %</u>
Revenue	87,257,701	70,329,350	24%
Profit before income tax	19,002,431	17,454,872	9%
Profit for the period	12,400,001	11,195,394	11%
Declared dividend	-	-	
Share capital	396,328	396,328	0%
Total equity	41,616,970	56,673,032	-27%

1 Financial Statements

The directors present their report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the financial statements for the period ended 31 March 2021.

2 Principal Activities

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

3 Operating Results

The following is a summary of the Company's operating results:

	2021	2020
	N'000	N'000
Revenue	87,257,701	70,329,350
Results from operating activities	20,314,212	17,537,558
Profit before income tax	19,002,431	17,454,872
Profit for the period	12,400,001	11,195,394
Total comprehensive income for the period	12,400,001	11,195,394

4 Directors and Their Interests

- (a) The directors who served during the period and their interests in the shares of the Company at the period end were as follows:

	Interest in the Ordinary Shares of the Company	
	2021	2020
Mr. David Ifezulike - Chairman	56,255	56,255
Mr. Wassim Elhusseini (Lebanese) - MD/CEO	Nil	Nil
Mr. Mauricio Alarcon (Mexican)	Nil	Nil
Mr. Jagdish Singla (Indian)	Nil	Nil
Mr. Ricardo Chavez (Mexican)	Nil	Nil
Mr. Gbenga Oyebode	Nil	Nil
Ms. Juliet Ehimuan	2,146	2,146

No Shares of the Company were held by Nestle S.A Switzerland as indirect holdings in favour of Directors.

- (b) Mr. Gbenga Oyebode is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers. In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, he has notified the Company of his position with CFAO Nigeria Plc.
- (c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company. Information relating to this share based payment scheme is disclosed in Note 15c to the financial statements.

5 Analysis of Shareholdings

		Number of <u>shareholders</u>	%	Number of <u>shares</u>	%
1	- 5,000	26,888	89.47	21,152,942	2.67
5,001	- 10,000	1,574	5.24	10,771,772	1.36
10,001	- 50,000	1,245	4.14	24,847,600	3.13
50,001	- 100,000	151	0.50	10,460,636	1.32
100,001	- 500,000	125	0.42	25,461,622	3.21
500,001	- 1,000,000	30	0.10	21,896,683	2.76
1,000,001	- 5,000,000	27	0.09	55,892,630	7.05
5,000,001	10,000,000	8	0.03	51,599,610	6.51
10,000,001	and above	3	0.01	39,992,099	5.05
	-	<u>30,051</u>	<u>99.99</u>	<u>262,075,594</u>	<u>33.06</u>
Nestlé S.A, Switzerland *		<u>1</u>	<u>0.01</u>	<u>530,580,658</u>	<u>66.94</u>
		<u>30,052</u>	<u>100.00</u>	<u>792,656,252</u>	<u>100.00</u>

* Apart from Nestlé S.A, Switzerland, with 530,580,658 ordinary shares (representing 66.94%) and Stanbic IBTC Nominees Limited with 8.86%, no other shareholder held 5% or more of the paid-up capital of the Company as at 31 March 2021.

** We hereby confirm that the free float of the Company is in compliance with The Nigerian Stock Exchange's free float requirements of the Main Board on which Nestle Nigeria Plc is listed

6 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 9 to the financial statements.

7 Donations

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the period.

In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives. Nestlé Nigeria invested in technical and employability skills building for youth and in building the capacity of farmers to increase their productivity and income. The Company also worked alongside partners to improve the household nutrition of local farmers through trainings in grain quality improvement and food transformation/preservation techniques

8 Nestlé Nigeria Trust (CPFA) Limited (“NNTL”)

Nestlé Nigeria Trust (CPFA) Limited (‘NNTL’) previously called Nestlé Nigeria Provident Fund Limited, was incorporated by the Company and is a duly registered Closed Pension Fund Administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for employees of Nestlé Nigeria Plc.

9 Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials in its production processes and has successfully introduced the use of locally produced items such as soya bean, maize, cocoa, palm olein and sorghum in a number of its products.

10 Major Distributors

The Company's products are distributed through various distributors that are spread across the whole country.

11 Suppliers

The Company procures all of its raw materials on a commercial basis from overseas and local suppliers. Amongst the overseas suppliers are companies in the Nestlé Group.

12 General Licence Agreement

The Company has a general licence agreement with Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A., all based in Switzerland. Under the agreement, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the Company's products, development of new products and training of personnel abroad. Access is also provided to the use of patents, brands, inventions and know-how.

The Company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) with certificate No. CR 006577 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Nestec S.A. and Nestlé S.A. The approval is for a period of three (3) years with effect from 1st January 2018 to 31st December 2020. The Company has applied to NOTAP for the renewal of the general licence for the period 1st January 2021 to 31st December 2023.

13 Acquisition of Own Shares

The Company did not purchase any of its own shares during the period.

14 Employment and Employees

(a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 15 (2020: 17) physically challenged persons in its employment as at 31 March 2021.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(b) Health and safety at work and welfare of employees:

The Company invests its resources to ensure that hygiene on its premises is of the highest standard. In this regard, the Company has, on three occasions, won the Manufacturers' Association of Nigeria's award for the best kept factory and on three occasions won the Federal Environmental Protection Agency's environmental performance award as the most environment-friendly company in Nigeria.

The Company operates its own clinics which provide quick health care to its employees. In pursuit of efforts to improve health infrastructure and enhance the quality of care for the employees, the company has built an ultra modern clinic at Agbara factory. The clinic which is fully equipped with state-of-the-art medical facilities consists of three consulting rooms, one pharmacy, one laboratory and two observation rooms, amongst others.

The modernization of the medical facilities by the Company is in line with Nestlé Corporate Business principles of promoting safe and healthy work environment for the employee.

The Company caters for the recreational needs of its employees by providing them with a wellness center and other games facilities such as Table Tennis, Draughts, etc. Lunch is provided free to staff in the Company's canteen.

(c) **Employees involvement and training:**

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate issues are published. Regular briefing sessions are also held at corporate and operational levels to enhance exchange of information.

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

In addition, we have graduated five(5) sets of technical students from Nestle Technical Training Center (NTTC) in Agbara and Abaji factories. The multi-skill engineering training runs for a period of 18 months. The total number of those who have so far completed the programme till date is seventy-nine (79). The cost of the training was fully paid by our Company. The success of the NTCC in our Agbara factory has spurred us on to replicate and adapt the NTCC model in our Nestle Waters factory in Abaji.

The content of the course was based on the syllabus of City and Guilds of London Technicians Examinations Certificates in Engineering, one of the world's leading vocational education organizations. To empower the trainees with relevant skills, the top five (5) students in the scheme were taken to Switzerland for further training within the Group's factories. In order to reduce unemployment, a total of sixty-eight (68) graduates made up of eight (8) of the thirteen (13) graduates from the first batch, thirteen (13) graduates from the second batch, all the twenty (20) graduates from the third batch and a total of twenty-seven graduates (27) from the fourth and fifth batches were given employment by our Company. The other eleven (11) graduates are in full time employment with other organizations.

The sixth batch of twenty students in Agbara factory comprising ten (10) males and ten (10) females and seventh batch of twenty students in Abaji factory comprising of 16 males and 4 females were admitted into the training school in July 2019 and January 2020 respectively, for another 18 months programme. The sixth batch of twenty students in Agbara factory completed the 18-months program in February 2021 and recorded outstanding results despite the impact of COVID-19. The best graduating trainee had 22 distinctions from City and Guild examinations from level 3 to 5. Other good news is that all the trainees have been employed by the Company as part of its commitment to youth development and economic empowerment.

15 Nomination, Governance and Remuneration Committee

Composition of Board Committees

The Nomination, Governance and Remuneration Committee is made up of three (3) directors appointed to make recommendations on the structure and composition of the Board and its Committees; governance issues and to submit proposals on the salaries of executive directors to the Board for approval. The members of the Committee are Mr. Mauricio Alarcon, Mr. Ricardo Chavez and Mr. Gbenga Oyebode.

16 Audit Committee

In accordance with section 359(4) of the Companies and Allied Matters Act of Nigeria, members of the audit committee of the Company were elected at the Annual General Meeting held on 30 June 2020.

Mr. Matthew Akinlade (Chairman)	Shareholders' Representative
Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
Mr. Christopher Nwaguru	Shareholders' Representative
Mr. Gbenga Oyebode	Directors' Representative
Mr. Ricardo Chavez	Directors' Representative
Ms. Juliet Ehimuan	Directors' Representative

17 Board Audit and Risk Management Committee

The Committee is to assist the Board in its oversight of audit, risk profile, risk management framework and the risk reward strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. The members of the Committee are Mr. Oyebode, Mr. Chavez and Ms. Juliet Ehimuan.

18 Effectiveness of Internal Control System

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities.

There is an effective internal control and audit function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalisation and improvement of the Company's business processes.

19 Disclosures

a) Risk Management and Compliance System

The directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. The risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk. The directors are of the view that effective internal audit function exists in the Company and that risk management control and compliance system are operating efficiently and effectively in all respects.

The Company has a structured Risk Management process in place and undertakes at least annually a thorough Risk Assessment covering all aspects of the business. The Risk Assessment is based on the two criteria "Business Impact" and "Likelihood of Occurrence". For every identified Business risk, mitigating measures are implemented by the Company.

b) Sustainability Initiatives

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. Also, the Company is sensitive to Nigerian's social and cultural diversity and promotes as much as possible national interests as well as national ethos and values without compromising global aspirations where applicable. The Company has a culture of integrity and zero tolerance to corruption and corrupt practices.

c) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. In addition, the Company (and other operating companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on standalone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing.

20 Report on Social, Ethical, Safety, Health and Environmental Policies and Practices

Corporate Business Principles

Nestlé is a principle-based company, the Nestlé Corporate Business Principles (NCBP) form the foundation of all we do. NCBP consists of ten principles these are:

Consumers			Human Rights & Labour Practices	Our People		Suppliers and Customers		The Environment	
1	2	3	4	5	6	7	8	9	10
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership and personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

(a) Nutrition, Health and Wellness

We encourage Health and Wellness of our employees via Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of baby room, extended maternity leave that is not annual leave consuming and paternity leave.

(b) Quality Assurance and Product Safety

Everywhere in the world, the Nestlé name guarantees to the consumer that the product is safe and of high standard.

(c) Consumer Communication

We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.

(d) Human Rights in Our Business Activities

We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.

(e) Leadership and Personal Responsibility

Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values. We provide equal opportunities for our employees' development and advancement. We protect our employees' privacy and do not tolerate any form of harassment or discrimination.

The long-term success of the Company depends on its capacity to attract, retain and develop employees able to ensure its growth on a continuing basis. We provide equal opportunity in our resourcing drive. The Nestlé policy is to hire staff with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company.

(f) Safety and Health at Work

We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain. We recognise and require that everyone plays an active role in providing a safe and healthy environment, and promote awareness and knowledge of safety and health to employees, contractors and other people related to or impacted by our business activities by setting high standards.

We have Clinics in our Factories, Distribution Centre and Head Office. The Clinics at the factories operate 24 hours service. Also the Company provides medical care to employees and direct dependants under a medical care scheme using the Health Insurance platform, which allows access to care for those in scope anywhere in the country. Efforts are being made by the Management and the Safety, Health and Environment Officers at the various sites to avoid industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

We provide basic HIV/AIDS training to our employees. Also, we provide training and basic information to staff on prevention and treatment of serious diseases. On periodic basis, we invite medical experts and health institutions to make available free screening exercise to enable employees know their status in respect of serious diseases and provide the treatment required. We do not discriminate against or disengage any employee on the basis of his or her HIV/AIDS status. The Company makes the above facilities available to staff through the retained clinics.

(g) Supplier and Customer Relations

We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.

(h) Agriculture and rural development

We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.

(i) Environmental sustainability

We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle, we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources and target zero waste.

We invest continuously to improve our environmental performance. The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact's three guiding principles on environment (Principle 7 on support for precautionary approach to environmental challenges; Principle 8 on the need to undertake initiatives to promote environmental responsibility and Principle 9 on the need to encourage the development and diffusion of environmentally friendly technologies). Our four priority areas are: water, agricultural raw materials, manufacturing and distribution of our products and packaging. We implement our policy through the Nestlé Environmental Management System. We believe that environmental performance is a shared responsibility and requires the cooperation of all parts of society. We are determined to always provide leadership within our sphere of influence.

(j) Water

We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

(k) Number, diversity, training initiatives and development of employees

As at 31 March 2021, the staff strength of the Company was 2,254 (2020: 2,239). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have 14 (2020: 16) of our staff on overseas' assignments in Ghana, Angola, Cote D' Ivoire, Switzerland and Senegal in order to give them the required exposure to enable them take up higher responsibilities.

(l) Bribery and corruption

We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

21 Insider Trading

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.



Bode Ayeku, FCIS
Company Secretary/Legal Adviser
FRC/2012/NBA/00000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements

The Directors of **Nestlé Nigeria Plc** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31st March 2021, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the period ended 31st March 2021 were approved by directors on 30 April 2021

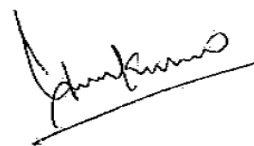
Signed on behalf of the Directors of the Company:



David Ifezulike
(Chairman)
FRC/2013/NIM/0000003355
30 April 2021



Wassim Elhousseini
(Managing Director)
FRC/2020/003/0000022041
30 April 2021



Jagdish Singla
(Finance & Control Director)
FRC/2018/ICAN/00000018560
30 April 2021

Statement of Profit or loss and Comprehensive Income

In thousands of naira

	Note	Jan - Mar 2021	Jan - Mar 2020
Revenue	5	87,257,701	70,329,350
Cost of sales		<u>(52,514,964)</u>	<u>(38,671,684)</u>
Gross Profit		34,742,737	31,657,666
Marketing and distribution expenses		(11,109,209)	(11,042,047)
Administrative expenses		<u>(3,319,315)</u>	<u>(3,078,061)</u>
Results from operating activities		<u>20,314,212</u>	<u>17,537,558</u>
Finance income		123,340	335,242
Finance costs		<u>(1,435,121)</u>	<u>(417,928)</u>
Net finance income/cost	6	<u>(1,311,781)</u>	<u>(82,686)</u>
Profit before income tax		19,002,431	17,454,872
Income tax expense	8	(6,602,429)	(6,259,478)
Profit for the period		<u>12,400,001</u>	<u>11,195,394</u>
Other comprehensive income		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>12,400,001</u>	<u>11,195,394</u>
Profit for the period is attributable to:			
Owners of the company		<u>12,400,001</u>	<u>11,195,394</u>
Total comprehensive income for the period is attributable to:			
Owners of the company		<u>12,400,001</u>	<u>11,195,394</u>
Earnings per share		N	N
Basic earnings per share		<u>15.64</u>	<u>14.12</u>
Diluted earnings per share		<u>15.64</u>	<u>14.12</u>

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.



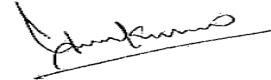
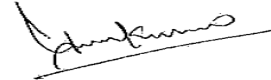
Statement of Financial Position

As at 31 March 2021

In thousands of naira

	Note	Mar 2021	Dec 2020
Assets			
Property, plant and equipment	9(a)	85,578,787	87,265,836
Right of use Assets	9(b)	4,970,393	5,054,528
Long term receivables	10	2,299,681	2,363,177
Total non-current assets		92,848,861	94,683,541
Inventories	11(a)	43,956,397	52,222,267
Right of return assets	11(b)	74,939	52,263
Trade and other receivables	12	28,785,377	39,555,290
Prepayments	13	3,822,547	968,426
Cash and cash equivalents	14	71,440,431	58,703,209
Total current assets		148,079,691	151,501,455
Total assets		240,928,552	246,184,996
Equity			
Share capital	15(a)	396,328	396,328
Share premium	15 (b)	32,262	32,262
Share based payment reserve	15 (c)	32,688	113,811
Retained earnings		41,155,691	28,754,583
Total Equity		41,616,970	29,296,984
Liabilities			
Loans and borrowings		42,980,858	33,834,202
Employee benefits	16	4,574,073	4,471,021
Lease liabilities		378,801	568,084
Deferred tax liabilities		15,590,441	11,984,354
Total non- current liabilities		63,524,173	50,857,661
Trade and other payables	17	108,652,428	116,512,689
Contract liabilities	18	9,930,069	8,647,246
Refund liabilities	11(b)	130,216	90,805
Bank Overdraft	14	-	2,551
Current tax liabilities		11,424,713	30,476,315
Lease liabilities		186,316	231,270
Loans and borrowings		1,831,438	6,377,484
Provisions		3,632,229	3,691,991
Total current liabilities		135,787,409	166,030,351
Total liabilities		199,311,582	216,888,012
Total equity and liabilities		240,928,552	246,184,996

THE BOARD APPROVED THE FINANCIAL STATEMENTS ON 30 APRIL 2021

)	David Ifezulike
_____)	(Chairman)
)	FRC/2013/NIM/00000003355
_____)	Wassim Elhousseini
)	(Managing Director)
_____)	FRC/2020/003/00000022041
)	Jagdish Singla
_____)	(Finance & Control Director)
		FRC/2018/ICAN/00000018560

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira

<i>Note</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Share based payment reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance at 1 January 2021	396,328	32,262	113,811	28,754,583	29,296,984
Profit for the year					
Profit or loss	-	-	-	12,400,001	12,400,001
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	12,400,001	12,400,001
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	-	-
Unclaimed dividend written back	-	-	-	1,107	1,107
Share based payment contribution	-	-	72,990	-	72,990
Share based payment recharge	-	-	(154,113)	-	(154,113)
Balance as at 31 March 2021	396,328	32,262	32,688	41,155,691	41,616,969
Balance at 1 January 2020	396,328	32,262	123,076	45,005,964	45,557,630
Profit for the year					
Profit or loss	-	-	-	11,195,394	11,195,394
Total comprehensive income	-	-	-	11,195,394	11,195,394
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	-	-
Unclaimed dividend written back	-	-	-	18,218	18,218
Share based payment contribution	-	-	136,743	-	136,743
Share based payment recharge	-	-	(234,953)	-	(234,953)
Balance as at 31 March 2020	396,328	32,262	24,866	56,219,576	56,673,032

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Statement of Cash Flows

In thousands of naira

	Note	Mar-21	Mar-20	Dec 2020
Cash flows from operating activities				
Profit for the period		12,400,001	11,195,394	39,212,025
Adjustments for:				
Depreciation and impairment of property, plant and equipment and right-of use assets	15	1,991,354	1,935,173	7,751,335
Net foreign exchange difference	6	(31,006)	(154,698)	
Net finance (income)/cost		1,342,787	237,384	2,051,858
Equity settled share based payment transactions		72,990	136,743	259,813
Provisions for other long term employee benefits	16	168,883	223,325	590,940
(Profit)/Loss on sale of property, plant and equipment		(215,689)	56,094	73,207
Income tax expense	8	6,602,429	6,259,478	21,426,418
		<u>22,331,748</u>	<u>19,888,893</u>	<u>71,365,596</u>
Changes in long term receivables		63,496	(2,810)	193,914
Change in inventories		8,265,870	(3,559,339)	(18,943,323)
Change in right of return assets		(22,676)	(5,716)	6,500
Change in trade and other receivables		10,769,913	21,563,062	26,264,897
Change in prepayments		(2,854,121)	(2,546,308)	(66,908)
Change in trade and other payables (excluding dividend payable)		(8,363,303)	(13,617,698)	37,274,147
Change in contract liabilities		1,282,823	(406,789)	2,672,847
Change in lease liabilities		(44,954)	162,815	231,271
Change in refund liabilities		39,411	10,179	(16,277)
Changes in provisions		(59,762)	(21,638)	2,134,431
Cash generated from operating activities		<u>31,408,443</u>	<u>21,464,652</u>	<u>121,117,095</u>
Income tax paid		(22,047,944)	-	(23,224,064)
Other long term employee benefit paid		(65,831)	(89,607)	(427,846)
Share based payment recharge paid		(154,113)	(234,953)	(269,078)
Net cash in flow from operating activities		<u>9,140,555</u>	<u>21,140,092</u>	<u>97,196,105</u>
Cash flow from investing activities				
Finance income		123,340	335,242	646,546
Proceeds from sale of property, plant and equipment		1,207,691	38,601	136,930
Acquisition of property, plant and equipment		(1,212,170)	(1,618,453)	(16,502,093)
Net cash used in investing activities		<u>118,861</u>	<u>(1,244,610)</u>	<u>(15,718,617)</u>
Cash flow from financing activities				
Proceeds from loans obtained-- Intercompany loan		9,146,656	-	33,834,202
-- Bank loan		4,335,915	-	6,377,484
Repayments of borrowings -- Intercompany loan		-	(5,516,384)	(5,578,994)
-- Bank loan		(8,881,961)	(4,800,386)	(4,896,294)
Finance cost paid		(1,435,121)	(417,928)	(2,698,404)
Dividends paid		504,149	(139,040)	(54,056,837)
Lease liabilities		(189,283)	557,080	-
Net cash used in financing activities		<u>3,480,355</u>	<u>(10,316,658)</u>	<u>(27,018,843)</u>
Net increase in cash and cash equivalents		12,739,772	9,578,824	54,458,646
Cash and cash equivalent at January 1		58,700,659	4,242,013	4,242,013
Cash and cash equivalent at Period end		<u>71,440,431</u>	<u>13,820,837</u>	<u>58,700,659</u>

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Notes to the financial statements

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Notes to the financial statements

1 Reporting entity

Nestlé Nigeria Plc ("the Company") is a Company domiciled in Nigeria. The address of the Company's registered office is at 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

2 Basis of accounting

(a) Basis of preparation

The interim condensed financial statements for the period ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2020.

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements
- The present value of the defined benefit obligation relating to long service awards
- Inventory at lower of cost and net realisable value

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the financial statements

4 Operating segments

(a) Basis of segmentation

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Board of Directors (BOD) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

Segment	Description
Food	This includes the production and sale of Maggi, Cerelac, Nan, Lactogen and Golden Morn.
Beverages	This includes the production and sale of Milo, Chocomilo, Nescafe, Milo ready-to-drink (RTD) and Nestlé Pure Life.

The accounting policies of the reportable segments are the same as described in Notes 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(b) Information about reportable segment

In thousands of naira

	Food		Beverage		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
External Revenues	52,354,621	41,494,316	34,903,080	28,835,033	-	-	87,257,701	70,329,350
Interest revenue		-		-	123,340	335,242	123,340	335,242
Interest expense		-		-	(1,435,121)	(417,928)	(1,435,121)	(417,928)
Depreciation	(1,254,553)	(1,141,752)	(736,801)	(793,421)		-	(1,991,354)	(1,935,173)
Impairment loss				-		-	-	-
Amortisation	-	-		-		-	-	-
Reportable segment profit before income tax	12,797,954	10,347,159	7,516,258	7,190,399	(1,311,781)	(82,686)	19,002,431	17,454,872

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Board of Directors) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

5 Revenue

Revenue for the period which arose from sales of goods comprise:

<i>In thousands of naira</i>	Mar-21	Mar-20
Nigeria	85,828,390	69,053,064
Export	1,429,311	1,276,286
Total Revenue	<u>87,257,701</u>	<u>70,329,350</u>

6 Net finance cost

<i>In thousands of naira</i>	Mar-21	Mar-20
Interest income on bank deposits	92,334	180,544
Net foreign exchange gain	31,006	154,698
Finance Income	<u>123,340</u>	<u>335,242</u>
Interest expense on financial liabilities	(1,435,121)	(417,928)
Net foreign exchange loss	-	-
Finance expense	<u>(1,435,121)</u>	<u>(417,928)</u>
Net finance income/ cost	<u>(1,311,781)</u>	<u>(82,686)</u>

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N1.07 billion (2020: N86 million) excluding the impact of foreign exchange differences.

7 Profit before income tax

Profit before income tax is stated after charging or (crediting):

<i>In thousands of naira</i>	Note	Mar-21	Mar-20
Depreciation		1,991,354	1,935,173
Personnel expenses		7,660,519	6,789,139
Loss/(profit) on property, plant and equipment disposed		(215,689)	56,094
Net foreign exchange (gain) loss		(31,006)	(154,698)
General licence fees		3,420,776	2,851,688
Welfare and other personnel expenses		Mar-21	Mar-20
Salaries and wages		3,977,209	3,508,812
Welfare and end of service benefit		3,683,310	3,280,327
		<u>7,660,519</u>	<u>6,789,139</u>

8 Taxation

Income tax expense

The tax charge for the period has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

<i>In thousands of naira</i>	Mar 2021	Mar 2020
Current tax expense		
Current period income tax	3,982,928	4,742,598
Current period tertiary education tax	381,008	427,171
	<u>4,363,936</u>	<u>5,169,769</u>
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	2,238,493	1,089,709
Total income tax expense	<u>6,602,429</u>	<u>6,259,478</u>

9 Property, plant and equipment (PPE)

(a) The reconciliation of the carrying amount is as follows:

In thousands of naira

	Note	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2020		33,284,621	72,259,099	4,201,067	12,529,141	1,785,904	12,102,035	136,161,868
Additions		241,366	741,176	895,194	372,504	156,804	11,250,944	13,657,988
Disposals		(42,198)	(671,766)	(575,847)	(1,380,785)	(124,691)		(2,795,287)
Reclassification		539,231	3,879,923	15,194	902,804	92,807	(5,429,959)	
Balance at 31 December 2020		<u>34,023,020</u>	<u>76,208,432</u>	<u>4,535,608</u>	<u>12,423,664</u>	<u>1,910,824</u>	<u>17,923,020</u>	<u>147,024,568</u>
Impact of IFRS 16 on leases			-	-	-	-	-	-
Balance at 1 January 2021		34,023,020	76,208,432	4,535,608	12,423,664	1,910,824	17,923,020	147,024,569
Additions		21,242	1,285,868		11,402	17,037	1,585,701	2,921,251
Disposals		-	(1,091,226)		(16,869)	-		(1,108,095)
Reclassification		560,102	2,398,101		226,000	100,590	(3,284,793)	0
Balance at 31 March 2021		<u>34,604,364</u>	<u>78,801,175</u>	<u>4,535,608</u>	<u>12,644,197</u>	<u>2,028,451</u>	<u>16,223,928</u>	<u>148,837,724</u>
Accumulated depreciation and impairment losses								
Balance at 1 January 2020		9,183,109	35,511,983	2,121,902	8,656,846	1,294,348	-	56,768,187
Depreciation	7	864,638	4,200,351	733,486	1,216,962	299,378	-	7,314,817
Impairment		-	-	-	-	-	-	-
Disposals		(33,833)	(486,466)	(573,887)	(1,366,432)	(124,537)	-	(2,585,155)
Balance at 31 December 2020		<u>10,013,914</u>	<u>39,225,869</u>	<u>2,281,500</u>	<u>8,507,376</u>	<u>1,469,190</u>	<u>-</u>	<u>61,497,847</u>
Balance at 1 January 2021		10,013,914	39,225,869	2,281,500	8,507,376	1,469,190	-	61,497,847
Depreciation	7	221,310	1,096,583	193,400	293,470	72,417	-	1,877,180
Impairment loss		-	-	-	-	-	-	-
Disposals		-	(99,270)		(16,824)	-		(116,094)
Balance at 31 March 2021		<u>10,235,224</u>	<u>40,223,183</u>	<u>2,474,900</u>	<u>8,784,022</u>	<u>1,541,607</u>	<u>-</u>	<u>63,258,934</u>
Carrying amounts								
At 1 January 2020		<u>24,101,512</u>	<u>36,747,115</u>	<u>2,079,165</u>	<u>3,872,295</u>	<u>491,555</u>	<u>12,102,035</u>	<u>79,393,680</u>
At 31 December 2020		<u>24,009,106</u>	<u>36,982,563</u>	<u>2,254,109</u>	<u>3,916,288</u>	<u>441,636</u>	<u>17,923,019</u>	<u>85,526,719</u>
At 30 March 2021		<u>24,369,140</u>	<u>38,577,993</u>	<u>2,060,708</u>	<u>3,860,175</u>	<u>486,844</u>	<u>16,223,928</u>	<u>85,578,791</u>

9 Right of Use Assets

(b) The reconciliation of the carrying amount is as follows:

In thousands of naira

	Note	Land N'000	Building N'000	Total N'000
Cost				
As at 1 January 2020		4,102,547	570,230	4,672,777
Transferred from Prepayments				
Additions		-	912,692	912,692
Disposals		-	(331,743)	(331,743)
Balance as at 31st December 2020		4,102,547	1,151,179	5,253,726
As at 1st January 2021		4,102,547	1,151,179	5,253,726
Additions			222,334	222,334
Disposals			(567,834)	(567,834)
Balance as at 31 March 2021		4,102,547	805,679	4,908,225
Accumulated depreciation and impairment losses				
As at 1 January 2020			286,717	286,717
Depreciation		70,138	366,381	436,519
Impairment				
Disposals			(331,743)	(331,743)
Balance as at 31st December 2020		70,138	321,355	391,493
As at 1 January 2021		70,138	321,355	391,493
Depreciation		17,534	96,640	114,174
Impairment		-		
Disposals			(567,834)	(567,834)
Balance as at 31 March 2021		87,672	(149,839)	(62,167)
Carrying amounts				
As at 1 January 2020		4,102,547	570,230	4,672,777
As at 31 December 2020		4,032,409	829,824	4,862,233
As at 31 March 2021		4,014,875	955,518	4,970,393

10 Long term receivables

Long term receivables represent long-term portion of loans granted to the Company's employees and amount receivable from customers on the trade assets deployed which are expected to be paid after one year from the date of the financial statements. This is analysed below:

In thousands of naira

	2021	2020
Long term Staff receivable	2,056,010	2,187,272
Amount due from Customers on account of trade assets deployed	243,671	175,905
	2,299,681	2,363,177

11(a) Inventories

In thousands of naira

	2021	2020
Raw and packaging materials	20,511,966	20,620,626
Product in process	1,562,591	1,391,048
Finished products	9,427,700	12,271,131
Engineering spares	5,277,948	5,271,462
Goods in transit	7,176,192	12,668,000
	43,956,397	52,222,267

11(b) Right of return assets and refund liabilities

In thousands of naira

	2021	2020
Right to returned goods asset	74,939	52,263
<i>Refund liabilities</i>		
Arising from rights of return	130,216	90,805

The right to returned goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's 180-day returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a period using the expected value method.

12 Trade and other receivables

In thousands of naira

	<i>Note</i>	2021	2020
Trade receivables		14,638,652	13,604,796
Loans to key management personnel		12,000	17,317
Staff loans		2,558,012	2,716,772
Trade receivables due from related parties		2,019,928	2,749,239
Deposit with Company registrars for dividend		2,652,389	2,724,553
Allowance for expected credit losses		(5,845,501)	(5,501,875)
Loans and receivables		16,035,480	16,310,802
Advance payment to suppliers		6,816,372	4,395,672
Deposit for Import		6,292,035	19,229,976
Other receivables		1,941,171	1,982,017
		31,085,058	41,918,467
Non-current - reclassified to long term receivables		2,299,681	2,363,177
Current		28,785,377	39,555,290
		31,085,058	41,918,467

13 Prepayments

Prepayments represent payments made in advance for expected future economic benefits.

14 Cash and cash equivalents

In thousands of naira

	2021	2020
Cash and bank balances	18,770,913	16,794,758
Short term investment	52,669,518	41,908,451
Cash and cash equivalents in the statement of financial position	71,440,431	58,703,209
Bank overdrafts used for cash management purposes	-	(2,551)
Cash and cash equivalents in the statement of cash flows	71,440,431	58,700,658

15 Capital and reserves

(a) Ordinary shares

(i) Authorised ordinary shares of 50k each

In number of shares

At 31 March

	2021	2020
	792,656,252	792,656,252

(ii) Issued and fully paid ordinary shares of 50k each

In number of shares

At 31 March

	2021	2020
	792,656,252	792,656,252

Nominal value (In thousands of naira)

	396,328	396,328
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Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(b) Share premium

In thousands of Naira

The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:

Share premium

	2021	2020
	32,262	32,262

(c) Share based payment reserves

The share based payment reserve comprises the cumulative weighted average fair value of restricted stock unit plan granted to deserving employees which have not vested at the end of the period.

16 Employee Benefits

Other long term employee benefits

Other long term employee benefits represents the present value of unfunded long service award given to deserving members of staff of the Company.

The movement in the present value of the other long term employee benefits during the period was as follows:

<i>In thousands of Naira</i>	2021	2020
Balance at 1 January	4,471,021	4,307,927
Expense/(Income) for the period	168,883	590,940
Payments during the period	(65,831)	(427,846)
Balance at Period end	4,574,073	4,471,021

17 Trade and other payables

In thousands of naira

	2021	2020
Trade payables	27,000,374	32,026,503
Other payables and accruals	13,588,008	14,921,545
Trade payables due to related parties	59,269,111	61,272,748
Dividend payable	8,794,935	8,291,893
	108,652,428	116,512,689

18 Contract liabilities

This include incentives yet to be paid to customers and advances received from cash customers.

<i>In thousands of naira</i>	2021	2020
Customer's down payment	4,451,880	3,765,177
Trade incentives	5,478,189	4,882,069
	9,930,069	8,647,246

19 Subsequent Events

There are no significant subsequent events which could have a material effect on the results of the Company as at March 31 2021 that has not been adequately provided for or disclosed in these unaudited interim financial statements.